Financial package to States facing financial crisis

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Will the PRIME MINISTER be pleased to state :

(a) the names of the States that have sought financial package from the Centre to meet the present financial crisis; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI SATYABRATA MOOKHERJEE) : (a) and (b) During discussions at the Deputy Chairman-Chief Minister level for finalizing the Annual Plans of States, most of the States, in general, have sought enhanced Central Assistance for Plan financing to supplement the States Own Resources (SOR). However, the allocations of Central Assistance for the Annual Plans of States being based on Formula/Criteria, State specific allocations are therefore, guided by the respective Formula/Criteria. Further, the schemes and projects of priority to the States are also given due consideration while allocating Central Assistance for various Special and other Programmes of States.

However, the Financial Mangement of the States being primarily the responsibility of the State Governments, it is for the respective States Governments to initiate remedial action. Nevertheless, in order to alleviate the mismatch in the States' cash flow, the Government of India releases plan assistance, share in Central taxes and small savings loans in advance depending on the need and request of the State Government. In addition to Ways and Means support by Reserve Bank of India, Central Government also provide Ways and Means advances to States.

Pursuant to the recommendations of the Eleventh Finance Commission a Medium Term Fiscal Reform Plan (MTFRP) has been drawn up by the Government of India. Under the scheme, States have been encouraged to draw up a monitorable fiscal reforms programme aimed at improving their financial position in the medium term. Incentive funds will be made available to States periodically depending on the progress in achieving fiscal reform targets. Planning Commission has been impressing upon the States to observe fiscal prudence not only in the DCH-CM level discussions for finalizing the Annual Plans of the States but also during the official visits and periodic review meetings of the Commission with the States.